

DOW JONES, A NEWS CORP COMPANY ▼

DJIA 25199.56 -0.34% ▼

Nasdaq 7168.49 -0.45% ▼

U.S. 10 Yr 4/32 Yield 3.128% ▲

Crude Oil 56.68 1.78% ▲

Euro 1.1316 0.23% ▲

THE WALL STREET JOURNAL.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<https://www.wsj.com/articles/macys-reports-strong-sales-growth-raises-guidance-1542202212>

BUSINESS | EARNINGS

Macy's Reports Strong Sales Growth, Raises Guidance

CEO says company is well positioned heading into the holiday shopping season



Macy's raised its sales and earnings guidance for the year. PHOTO: MARY ALTAFFER/ASSOCIATED PRESS

By Suzanne Kapner

Updated Nov. 14, 2018 11:22 a.m. ET

Macy's Inc. [M -3.88% ▼](#) delivered healthy sales growth in its latest quarter and raised its guidance for the year, positioning the retailer for a strong holiday shopping season.

Same-stores sales grew 3.1% in the three months to Nov. 3. Including licensed departments the figure increased 3.3%.

RELATED ARTICLES

- Macy's Radical Plan to Save Itself: Shrink (Nov. 12)
- Sears Closing Stores Is a Blessing for Some Landlords, a Curse for Others (Oct. 16)

Total sales grew 2.3% to \$5.4 billion.
Net income more than doubled to \$62 million from \$30 million a year

earlier, helped by asset sales, higher credit income and lower taxes.

Macy's shares fell 2.4% to \$34.95 in morning trading. The stock had climbed 75% over the past year.

Macy's Chief Executive Jeff Gennette told analysts on a conference call that the company was seeing improved results in its brick-and-mortar stores as well as e-commerce, which increased sales by double-digits compared with a year ago.

He said he felt confident heading into the important year-end quarter because consumer confidence and spending remained high, and many of Macy's strategic initiatives are starting to pay off.

The company has been investing in a group of stores it calls magnets, adding new lighting, fixtures, a better assortment of merchandising and technological innovations, while embarking on an experiment to shrink other less-promising locations.

Mr. Gennette said sales at the 50 magnet stores that have been renovated so far this year are running ahead of the company average and in some cases, sales in those stores have returned to positive territory after several years of declines.

Macy's is also getting a lift from adding its Backstage discount concept to existing department stores and rolling out new ways for consumers to shop, including allowing them to buy online and pick up items in stores. Mr. Gennette says shoppers tend to spend an additional 25% when they pick up their online orders in a store.

Two-thirds of Macy's customers rated their shopping experience as good or very good, up from 59% a year ago, according to research firm GlobalData Retail.

"Our data also show that for the first time in over eight years, the number of people saying they will visit Macy's to do holiday shopping has risen," Neil Saunders, a GlobalData managing director said.

Analysts warned that despite the progress in the current quarter, Macy's faces a tough sales comparison in the current quarter given that same-store sales in the year-ago period increased 1.3%.

Macy's raised its sales and earnings guidance for the year. It now expects sales to increase by as much as 0.3%, up from a previous of range of down 0.7% to flat. Earnings per share are now expected to be in the range of \$4.10 to \$4.30 versus previous guidance of \$3.95 to \$4.15.

Write to Suzanne Kapner at Suzanne.Kapner@wsj.com

Copyright ©2017 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.